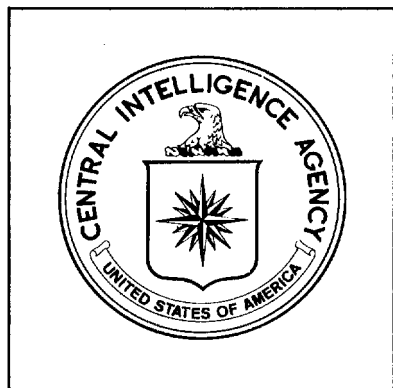


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## **Soviet Union-Eastern Europe**

### **STAFF NOTES**

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## SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Yugoslav Foreign Minister Visits Moscow

The communique on the four-day visit of Foreign Minister Minic to the Soviet Union suggests that both sides are trying to squelch speculation about a widening breach in their relations.

Minic's official talks in Moscow took place, the communique says in an atmosphere of "friendship, mutual trust, and frankness." Although the communique is sprinkled with praise for improvements in bilateral relations and promises to continue the "constructive spirit," it focuses primarily on increased economic ties and areas of general agreement in foreign affairs.

The issues of Soviet support for Stalinist subversives in Yugoslavia--the central problem between the two countries--and the deadlock over the European Communist conference were not mentioned directly.

The Yugoslavs, however, are clearly irritated by Moscow's stance on both problems and are venting their anger in various ways. On Wednesday, for example, Radio Zagreb's chief foreign affairs commentator broke a long-standing taboo by criticizing Brezhnev by name. He said that Brezhnev's speech to the Polish party congress was a reversion to the Kremlin's habit of setting ideological standards for the world communist movement and dictating domestic and foreign policy to the "socialist community." The commentator also accused the Soviets of violating understandings on preparations for the European party conference.

The party presidium met in Belgrade on Thursday and, among other things, gave its full blessing to the refusal of the Yugoslav delegation to accept Soviet initiatives at last month's preparatory talks for the European party conference. (CONFIDENTIAL NOFORN)

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Mounting Soviet and East European  
Trade Deficits with US

Soviet and East European imports from the US during January-September 1975 were up 60 percent and exports were off 20 percent, according to US statistics. For the year as a whole, the USSR and Eastern Europe seem sure to incur their largest trade deficit ever with the US.

Imports amounted to \$1.6 billion, a \$600-million increase over the first three quarters of 1974. Most of the rise was accounted for by the USSR and Poland. Exports fell by about \$100 million, to roughly \$500 million. The decline was divided among a number of countries.

Soviet imports from the US were more than double last year's because of large deliveries of grain and equipment. Grain imports will approach \$1 billion for the year; imports of machinery and equipment may reach \$500 million. Soviet exports to the US were down 25 percent in the first nine months of 1975 compared with the same period last year. Soviet exports to the US, mainly platinum group metals and oil, fell victim to the world-wide recession. Fourth quarter exports, particularly oil, may, however, pick up.

East European trade with the US grew very little. The less than \$100-million increase in imports was the result mainly of Polish and Romanian purchases of agricultural products; exports were down. Marked increases in exports of Polish hams and Bulgarian tobacco failed to compensate for the decline in exports of Romanian gasoline, Hungarian gold coins, and Polish steel and zinc. Imports are expected to rise for the balance of the year, in large part because of substantial grain purchases by Poland and East Germany. The outlook for exports in the fourth quarter of 1975 is uncertain.

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The Soviet and East European deficit with the US of \$1.1 billion in the first three quarters of 1975 is double that for all of 1974. Large purchases of grain will help raise Soviet imports from the US to about \$1.7 billion and East European imports to roughly \$1 billion in 1975. Exports for the year are estimated at \$300 million and \$500 million, respectively. A trade deficit of roughly \$1.9 billion is therefore likely.

Outstanding orders for US grain and equipment--mainly by the USSR and Poland--will ensure a high level of imports in 1976, although balance-of-payments constraints in a number of East European countries as well as the USSR may affect new orders. Eastern Europe has a limited export potential, and a sharp increase in exports to the US is not anticipated even for Romania, which is now negotiating with a US firm for exports of gasoline at reduced prices. An increase in Soviet oil exports--assuming a US-Soviet agreement is concluded--would reduce substantially the Soviet deficit in 1976.  
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Czechoslovak Premier Visits Belgrade

Economic relations were the focal point of Czechoslovak Premier Strougal's three-day visit to Yugoslavia, which ended on Wednesday.

A five-year (1976-80) trade agreement and a trade protocol for 1976 were signed. The long-term agreement calls for a doubling of the present trade level to \$4.3 billion. Metallurgical and agricultural cooperation, the transport of Soviet natural gas for Yugoslavia across Czechoslovak territory, the Pan Adria pipeline, and economic cooperation beyond 1980 apparently were also discussed.

In the political realm, where there are far fewer possibilities for agreement, the two sides "exchanged views" on "topical questions in international relations." Czechoslovakia and Yugoslavia are on opposite sides in the deadlocked preparations for a European communist party conference, and Prague is viewed by Belgrade as a major support center for the Yugoslav Cominformists. Moreover, the basic tenets of Czechoslovak foreign policy--proletarian internationalism and a coordinated bloc approach--are anathema to Belgrade.

The Yugoslavs may have complained to Strougal about Czechoslovak press treatment of their country. Prague's repeated emphasis on the role of the Soviet Union in the liberation of Yugoslavia has persistently rankled Belgrade.

Strougal probably pushed for a Tito visit to Prague. Although party chief Husak visited Belgrade in 1973 and Yugoslav officials have stated that the ill will of the post-invasion period has dissipated, the Czechoslovaks have sought a Tito visit as the decisive sign that relations have normalized.

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Strougal, who was received by the Marshal, said in an interview at the end of the visit that Tito had promised to visit Prague "in the near future." The Yugoslav version of the interview omitted this point.  
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Prague To End Ban on Foreign  
Business Offices

According to a decree published on Thursday, the 27-year-old ban on permanent representation by foreign firms in Czechoslovakia will be lifted on January 1. Prague is the last Warsaw Pact country to remove legal restrictions on such representation.

Prague hopes that removal of the ban will stimulate trade with the West. The regime, however, clearly intends to maintain tight control over the foreign representation. Business offices will be restricted to large corporations, and the numbers of foreigners will be kept small. In addition, the special permits granted to foreign firms will apparently have to be renewed annually.

Those foreign business representatives who do make it to Czechoslovakia will face significant problems. In addition to the secret police surveillance and an understandable reluctance of Czechoslovaks to maintain more than perfunctory contacts with Westerners, the Czechoslovak legal system contains a wide-ranging definition of state secrets, often including the basic economic data necessary for effective business relations. (CONFIDENTIAL)

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### The Big Parade

Videotapes of Moscow television's two and a half hours of coverage of the parade in Red Square on November 7 have given a more realistic view of the Soviet leadership on the reviewing stand than the stiff picture published in the press the next day. The television program even tried, with questionable success, to cover up the absence of some of the leaders during the civilian portion of the parade.

After showing the arrival of all the leaders a few minutes before the start of the ceremonies at 10 a.m., the TV cameras concentrated on an animated Brezhnev and those near him. The military portion of the program, including Grechko's ten-minute speech, lasted 45 minutes and featured closeups of Podgorny, Grechko, Brezhnev, and Kosygin saluting and talking as the troops and military equipment passed by.

When the fanfare signaled the start of the civilian part of the parade, Podgorny moved over next to Brezhnev and for the next 25 minutes the cameras spotlighted Podgorny, Brezhnev, Kosygin, and Suslov. [REDACTED]

[REDACTED] Brezhnev disappeared about this time, and the television seems to confirm this, since the next 45 minutes passed with no glimpse of any leaders.

That Brezhnev was not the only defector from the reviewing stand was apparent when the cameras resumed their leadership coverage a little before noon and revealed a jumbled lineup of Kosygin, Brezhnev, Suslov, Grishin, and Mazurov. Podgorny and Kirilenko did not reappear for another 14 minutes, just before the end of the parade.

Their absence could have been prompted by waning interest as much as lack of stamina. At the time they

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left, the precision formations from Soviet organizations had ended and the "parade" had become a milling mass of adults from different Moscow districts walking through the square carrying children, balloons, flowers, and placards. The TV commentators often cut away to interview spectators. During the last 20 minutes, the cameras made up for lost time and lingered on the leaders rather than on the last contingents of the parade, making more obvious the long period that had passed without one shot of the top men. (CONFIDENTIAL NOFORN)

  
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